



LODI CITY COUNCIL
Carnegie Forum
305 West Pine Street, Lodi

"SHIRTSLEEVE" SESSION

Date: May 23, 2006

Time: 7:00 a.m.

For information regarding this Agenda please contact:

Susan J. Blackston
City Clerk
Telephone: (209) 333-6702

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Informal Informational Meeting

- A. Roll call by City Clerk**
- B. Topic(s)**
 - B-1 Utilities quarterly update (CM / EUD / PW)
- C. Comments by public on non-agenda items**
- D. Adjournment**

Pursuant to Section 54954.2(a) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day.

Susan J. Blackston
City Clerk



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Electric Utility Department

FY06 Quarterly Update (Through April 30, 2006)

City Council Shirtsleeve Session
May 23, 2006



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FY 06 Financial Results (3rd Quarter)

Cash Flow

	July-05	August-05	September-05	October-05	November-05	December-05	January-06	February-06	March-06	YTD	FY 06 Budget
Revenue											
Sales Revenues	5,973,851	6,768,918	5,583,919	4,487,852	4,023,380	4,147,794	4,712,082	4,317,886	4,182,704	44,198,386	60,072,000
Other Revenues	30,059	6,665	29,751	20,840	218,707	3,105	234,925	212,254	14,011	770,317	1,383,000
Total Revenues	6,003,910	6,775,583	5,613,670	4,508,692	4,242,087	4,150,899	4,947,007	4,530,140	4,196,715	44,968,703	61,455,000
Expenses											
Purchase Power	3,624,238	3,601,823	2,366,731	3,915,976	4,785,781	4,529,998	-	8,669,755	4,470,303	35,964,605	42,700,000
Non-Power Costs	818,137	877,262	901,750	834,304	831,997	1,002,568	1,028,942	779,931	801,068	7,875,959	10,521,000
Total Expenses	4,442,375	4,479,085	3,268,481	4,750,280	5,617,778	5,532,566	1,028,942	9,449,686	5,271,371	43,840,564	53,221,000
Net Revenue for Debt Service	1,561,535	2,296,498	2,345,189	(241,588)	(1,375,691)	(1,381,667)	3,918,065	(4,919,546)	(1,074,656)	1,128,139	8,234,000
Debt Service	-	-	-	-	-	849,305	941,575	-	-	1,790,880	5,619,000
Net Revenue	1,561,535	2,296,498	2,345,189	(241,588)	(1,375,691)	(2,230,972)	2,976,490	(4,919,546)	(1,074,656)	(662,741)	2,615,000
In-lieu Transfer To General Fund	545,749	620,928	590,900	555,262	545,833	549,110	588,981	555,649	268,287	4,820,699	6,550,000
Capital Projects	134,608	234,226	123,269	162,718	222,944	98,736	91,727	170,985	104,916	1,344,129	139,000
Other changes in working capital	688,211	(260,559)	(590,511)	(740,800)	(516,796)	575,081	146,987	443,560	(764,386)	(1,019,213)	-
Net Increase (Decrease)	192,967	1,701,903	2,221,531	(218,768)	(1,627,672)	(3,453,899)	2,148,795	(6,089,740)	(683,473)	(5,808,356)	(4,074,000)
Beginning Cash	4,896,603	5,089,570	6,791,473	9,013,004	8,794,236	7,166,564	3,712,665	5,861,460	(228,280)	4,896,603	7,343,000
Ending Cash	5,089,570	6,791,473	9,013,004	8,794,236	7,166,564	3,712,665	5,861,460	(228,280)	(911,753)	(911,753)	3,269,000
With GOR	7,122,372	8,899,179	11,191,919	11,072,406	9,538,133	6,137,293	8,343,033	2,317,632	1,734,027	1,734,027	



FY 06 Financial Results (to date)

- **Sales revenue**
 - -\$1.6 million
- **NCPA Power Costs**
 - +\$1.6 million
- **Projected year-end cash balance**
 - \$1.7 million
 - \$3.2 million rating agency goal



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FY 06 Financial Projections

Cash Flow			
	Year to Date	FYE 06 Projected	FY 06 Budget
Revenue			
Sales Revenues	44,198,386	58,442,552	60,072,000
Other Revenues	770,317	1,199,220	1,383,000
Total Revenues	44,968,703	59,641,772	61,455,000
Expenses			
Purchase Power	35,964,605	44,371,207	42,700,000
Non-Power Costs	7,875,959	9,114,147	10,521,000
Total Expenses	43,840,564	53,485,354	53,221,000
Net Revenue for Debt Service	1,128,139	6,156,418	8,234,000
Debt Service	1,790,880	5,798,837	5,619,000
Net Revenue	(662,741)	357,581	2,615,000
In-lieu Transfer To General Fund	4,820,699	6,050,000	6,550,000
Capital Projects	1,344,129	1,500,000	139,000
Other changes in working capital	(1,019,213)	-	-
Net Increase (Decrease)	(5,808,356)	(7,192,419)	(4,074,000)
Beginning Cash	4,896,603	4,896,603	7,343,000
Ending Cash Before Adjustment	(911,753)	(2,295,816)	3,269,000
Adjust for GOR		2,500,000	
Adjust for Capital Re-fund from bonds		1,500,000	
Ending Cash	(911,753)	1,704,184	3,269,000



NCPA “GOR”

- **General Operating Reserve**
- **Provides funding for contingencies**
- **GOR levels**
 - \$266, 603 (July 1, 2005)
 - \$2,737,597 (April 30, 2006)
- **Current GOR includes PG&E “refund”**
 - \$1,842,940
- **Will utilize GOR for FY06 liquidity**



FY07 Power Purchase (May 10, 2006)

	Lodi Total			Lodi HLH			Lodi LLH		
	MWh	Amount	Avg	MWh	Amount	Avg	MWh	Amount	Avg
Dec 2006	3,610	\$ 304,273	\$ 84.30	3,334	\$ 286,592	\$85.95	275	\$ 17,682	\$64.25
Jan 2007	14,217	\$ 1,220,622	\$ 85.86	10,643	\$ 952,581	\$89.50	3,574	\$ 268,042	\$ 75.00
February	12,963	\$ 1,114,659	\$ 85.99	9,825	\$ 879,305	\$89.50	3,138	\$ 235,354	\$ 75.00
March	14,452	\$ 1,244,185	\$ 86.09	11,053	\$ 989,218	\$89.50	3,400	\$ 254,966	\$ 75.00
April	8,815	\$ 559,973	\$ 63.52	5,360	\$ 380,292	\$70.95	3,455	\$ 179,681	\$52.00
May	9,127	\$ 580,254	\$ 63.57	5,574	\$ 395,504	\$70.95	3,553	\$ 184,751	\$52.00
June	8,867	\$ 566,736	\$ 63.91	5,574	\$ 395,504	\$70.95	3,293	\$ 171,232	\$52.00
MWH Total	72,052	\$ 5,590,703	\$ 77.59	51,364	\$ 4,278,995	\$83.31	20,688	\$ 1,311,707	\$ 63.40



FY07 Net Open Position

	Lodi Total			Lodi HLH			Lodi LLH		
	Surplus/(Deficit)	Load	% of Load	Surplus/(Deficit)	Load	% of Load	Surplus/(Deficit)	Load	% of Load
July 2006	(2,742)	53,047	-5.2%	(1,218)	33,241	-3.7%	(1,524)	19,807	-7.7%
August	112	50,317	0.2%	1,020	33,577	3.0%	(908)	16,740	-5.4%
September	1,591	43,514	3.7%	1,586	27,873	5.7%	5	15,642	0.0%
October	(56)	38,032	-0.1%	726	24,153	3.0%	(782)	13,878	-5.6%
November	(2,494)	35,704	-7.0%	(2,757)	22,530	-12.2%	263	13,175	2.0%
December	(2,142)	38,981	-5.5%	(1,881)	24,104	-7.8%	(262)	14,878	-1.8%
Jan 2007	(5,081)	37,596	-13.5%	(2,873)	23,956	-12.0%	(2,208)	13,640	-16.2%
February	(3,408)	33,538	-10.2%	(1,689)	21,714	-7.8%	(1,719)	11,824	-14.5%
March	(1,774)	36,706	-4.8%	(880)	24,249	-3.6%	(894)	12,457	-7.2%
April	(3,485)	35,749	-9.7%	(2,669)	22,653	-11.8%	(816)	13,096	-6.2%
May	(1,937)	40,080	-4.8%	(1,121)	25,606	-4.4%	(816)	14,474	-5.6%
June	(1,627)	43,732	-3.7%	(1,019)	29,416	-3.5%	(607)	14,316	-4.2%
Net Total	(23,044)	486,997	-4.7%	-12,776	313,071	-4.1%	-10,268	173,926	-5.9%



FY 06-07 BUDGET

- **Balanced (breakeven) budget**
 - Little or no reserve contribution
- **Updated sales/revenue forecast (lower)**
- **Lower power supply (NCPA) costs**



Summary

- **FY 06 continues to be difficult financial year**
 - Reduction in expected revenues and increase in power supply cost
- **FY07 budget expected to be balanced**
 - Short of financial liquidity goals